ABSTRACT

This study is conducted to assess the impact of the trade reforms on Indian floriculture industry after the trade reforms with special focus on export performance of Indian floriculture products.

Descriptive research design is adopted for this study. The study uses both the secondary and primary data. The trade data are collected for the period: 1987-88 to 2009-10 from sources such as United Nations Comtrade database (UNCOMTRADE), Directorate General of Commercial Intelligence and Statistics (DGCI&S), etc. The secondary data are used to analyze export performance of floriculture products. The primary data are collected from the sample stake holders of floriculture industry by using the structured questionnaire. The sample units are drawn using convenient sampling technique. The total sample size of the study is 225.

The Compound Annual Growth Rates (CAGR), Percentage share of Indian exports of floriculture products, Instability Index suggested by Coppock (1962), Export Index of Revealed Comparative Advantage (XRCA) as developed by Balassa (1965), Export Index of Revealed Symmetric Comparative Advantage (XRSCA) indices as developed by Laursen (1998), Double Relative Measure (Dr$_{ij}$) of trade intensity have been applied to assess the performance of India’s export of floricultural products. Besides these, the Constant Market Share (CMS) Analysis, the Gravity model, The Dummy variable technique and Exploratory factor analysis (EFA) is also used to analyse the data.
The analysis of export performance confirms the growth of Indian floriculture export after trade reforms. There is no change in regional composition of the export of Indian floriculture products in reform period. But there is a change in country composition of floriculture export. The results of instability index reveal that the Indian trade reforms have brought a reasonable stability in the export of floriculture products during the trade reform period.

India has comparative disadvantage in the export of floriculture products as a whole. But, HS 0604 category of products (foliage etc, except flowers for ornamental purposes) has comparative advantage.

More specifically, HS 060390 and HS 060499 have high comparative advantage during the Indian trade reform period. India has potential to exploit comparative advantage in HS 060120.

Government initiatives under trade reform and infrastructure development have contributed to the growth in exports of floriculture products during the reform period rather than the growth of the international market and market share. USA, Netherlands, Japan, United Arab Emirates, Australia, New Zealand, Malaysia, Saudi Arabia, Thailand, Singapore, South Africa, United Kingdom, Greece, Spain, Poland and Ethiopia are the major floriculture markets for India.

The transportation cost is found to be the significant factor affecting the prospect of Indian floriculture exports. India’s GDP, population and exchange rate influence the export of Indian floriculture products after the
trade reform. The per capita income of importing country, tariff rate of the importing country, GDP of India and exchange rate are the major influencing factors of the export of Indian floriculture products after the trade reform.

The central and state government’s special initiatives are well appreciated by the stake holders of the floriculture industry. The government initiatives also have a positive impact on the floriculture industry. The majority of the stakeholders expect the government to take steps to lower duties imposed by the importing countries on Indian floriculture products, providing marketing support and enhancing physical infrastructure for floriculture industry. Services provide by the demonstration farms and training centres for floriculture production are considered by the stakeholders as imperatives for the development of the floriculture industry.

The structural infirmities such as international trade barriers to Indian flower export, locational disadvantage (distance to international market) etc., are the major causes for poor performance of Indian floriculture trade.

The Production and Distribution (supply side) constraints and Market attractiveness are the major challenges for the floriculture trade. Because of these problems Indian floriculture industry underperforms during the reform period in spite of all the initiatives of the government. Trade policy in the future should focus more on the removal of these problems.